

**Rhode Island Renewable Energy Fund
Guidelines for Programs, Policies and Procedures**

- 1) **Authority.** The Public Utilities Restructuring Act of 1996 (“Act”) created the funding mechanism for the Rhode Island Renewable Energy Collaborative, predecessor to the Rhode Island Renewable Energy Fund (“Fund”). In 2002, the Act was amended to establish a charge of 0.3 mills per kilowatthour on the electric bills of Rhode Island electricity customers to fund renewable energy programs. These charges are collected by the electric distribution company from electricity consumers and transferred to the State Energy Office (“SEO”), who has responsibility for administering the Fund. The funding mechanism will be in effect for a period of ten (10) years from the date of January 1, 2003. During the ten (10) year period the Public Utility Commission may, in its discretion, after notice and public hearing, increase the sums for renewable resources; thereafter, the commission shall, after notice and public hearing, determine the appropriate charge for these programs.
- 2) **Mission of the Fund.** The Mission of the Fund is to develop and implement programs and incentives to:
 - a) Support the production & consumption of commercially available renewable energy in the region and especially in the State of Rhode Island;
 - b) Create sustainable markets for commercially available renewable energy technologies;
 - c) Bring the benefits of renewable energy to Rhode Island’s environment, ratepayers, and/or renewable energy businesses; and
 - d) Increase consumers’ education and awareness regarding:
 - i) The benefits of renewable energy to the environment, security and energy resources, and
 - ii) Their options for using renewable energy technologies and products.
- 3) **Advisory Board**
 - a) **Makeup.** The Advisory Board is made up of both Voting and Non-voting members selected by the SEO to represent various interest groups including the environmental community, users and the State. Advisory Board members may designate an alternate. Advisory Board members who are unable to attend meetings on a consistent basis and do not send a designated alternate may be asked by the SEO to give up their position on the Advisory Board.
 - b) **Decision Making.** The SEO has responsibility for the Fund. The SEO will seek input from and rely on the Advisory Board for guidance on all material matters before the Fund. Wherever possible, the SEO will seek to develop consensus on issues brought before the Advisory Board, and will be guided by majority vote of the voting members. Votes will be sought on all matters involving the expenditure of more than \$5000. The SEO will retain final authority on all decisions.
 - c) **Conflict of interest.** Advisory Board members shall disclose any direct interest in matters before the group, and shall recuse themselves from discussing and voting on such issues. Advisory Board members who are aware of conflicts involving others shall notify the SEO of those conflicts.
 - d) **Advisory Board meetings.** Advisory Board meetings will be held monthly on the on the second Tuesday of each month.

- i) Agendas – The SEO will prepare an agenda and circulate it by e-mail to the Advisory Committee one week prior to the monthly meeting, along with all meeting materials. Advisory Board members may recommend agenda items directly to the SEO; recommended changes may be incorporated at the discretion of the SEO.
- ii) Meeting Materials - To the extent feasible, all pertinent handouts and presentations will be circulated prior to the meeting with the agenda; If possible, lengthy items such as RFP responses will be summarized in briefing memos or presentations. A monthly update will be circulated as well.
- iii) Open and Executive Sessions: Meetings will be organized into open and executive sessions, with the open session being first on the agenda.
 - (1) Updates and discussions of issues which are not of a confidential nature will be discussed during the open session.
 - (2) Proposals to the Fund and other topics which may require discussion of confidential information will be discussed during the executive session.
- iv) Attendance- Due to confidentiality of discussions about the business aspects of proposals, the following individuals only may attend the executive sessions of Advisory Board meetings:
 - (1) Advisory Board
 - (2) Presenters/Proponents for the portion of the meeting where they are presenting their proposal.
 - (a) Parties whose funding is being discussed will be asked to leave the room during the discussion.
 - (3) Consultants to the Fund
 - (4) Persons other than advisory committee members may be invited to the meeting both as observers and to present/discuss topics and issues of general interest during the open session. Said persons will be invited for the open session only, and will be asked to leave the meeting at the conclusion of the open session. Due to space limitations, individuals wishing to attend meetings must contact the SEO prior to the meeting and have their proposed attendance confirmed by SEO.
- v) Groundrules. Groundrules will be developed to guide participation in the Advisory Board meetings.
- vi) Minutes. Minutes will be kept of each meeting which summarize topics discussed, key points, decisions and action items. Minutes will be circulated in draft form a week after the meeting date for review and comment by the Advisory Board.
- vii) Voting. Before any vote, the Advisory Group will agree on precise wording of what is being voted on. All votes of all present voting members will be recorded. Voting by proxy is not encouraged as it is important for members of the Advisory Board to attend meetings and to participate in the discussion of issues. However, members of the Advisory Board who are unable to attend a meeting may provide the SEO with an indication of their position on any matter before the Advisory Board at that meeting.
- viii) Monthly updates and voting records will be posted on the website.
- e) Limitation of Liability of Advisory Board Members. Advisory Board members shall not be liable for any indirect, special consequential or punitive damages that arise under tort, contract or any other legal theory.

4) Subcommittees

- a) Standing subcommittees. The Advisory Board will form standing subcommittees for policy, planning and procedures, to address certain ongoing tasks and issues that are central to the mission of the Fund.
 - i) The Planning Subcommittee will be responsible for:
 - (1) developing a biannual Strategic Plan for the Fund,
 - (2) supporting the SEO in developing the annual budget, and
 - (3) developing new programs.
 - ii) The Policy Subcommittee will be responsible for:
 - (1) Developing guidelines for policy formulation,
 - (2) Developing policy statements on issues in accordance with the mission of the Fund, and
 - (3) Dealing with new policy issues as they arise.Examples of such policy issues are licensing of solar contractors, renewable portfolio standards (RPS), net metering and back up rates, legislative or public utility commission changes to the mission and funding of the Fund. In general, policy advocacy activities will be concentrated on furthering the mission of the Fund and removing market barriers to renewable energy so as to reduce the cost of implementing and increase the effectiveness of the Fund's programs.
 - iii) The Procedures Subcommittee will be responsible for:
 - (1) development and updating of these guidelines, and
 - (2) addressing and defining procedures for the operation of the Fund.
 - b) Ad hoc Committees. In addition to standing subcommittees, the Advisory Board and /or SEO will form ad hoc subcommittees to work on specific issues for the Fund that require imminent focus and are not expected to require ongoing attention.
 - c) Makeup of subcommittees. Each subcommittee (both standing and ad hoc) will be made up of at least three (3) voting or non-voting members of the Advisory Board of which at least two (2) must be voting members.
 - i) Subcommittee members must commit to participating in the subcommittee in which they choose.
 - ii) Participation on a standing or ad hoc subcommittee by every Advisory Board member is strongly encouraged.
 - iii) Each committee will have a chair selected by the committee or appointed by the SEO.
 - iv) Ad hoc subcommittees formed to screen proposals, etc., will be screened for conflicts of interest.
 - v) Subcommittees can draw upon the resources of the SEO staff or consultants to support their efforts, subject to prior SEO approval.
 - d) Frequency of subcommittee meetings. Subcommittee meeting dates will be established by each subcommittee individually.
- 5) Programs. The Fund will utilize primarily two types of programs, open programs and solicitations or requests for proposals ("RFPs").
- a) Open programs. Open programs are open to all entities meeting program specific qualifications for their stated duration, subject to exhausting any dedicated budget. Such programs will have specific objectives, eligibility and procedures. If an open program's budget is exhausted, the Planning Committee may propose to add more budget resources provided resources can be freed up from other budget items, contingency or uncommitted funds.

- b) Solicitations. The Fund will issue requests for proposals (RFPs) to solicit proposals to meet specified objectives. RFPs will have defined budgets and specified evaluation criteria. While each RFP must have a final date for submittal of proposals, an RFP may be either (a) open-ended, with proposals evaluated relative to evaluation criteria as received until all budgeted funds have been committed, or (b) subject to head-to-head competition, with all proposals evaluated relative to each other and to evaluation criteria.
 - i) Evaluation of proposals.
 - (1) Each RFP must state evaluation and ranking criteria in the solicitation.
 - (2) An ad hoc subcommittee will review responses. This committee will make recommendations to the Advisory Board for approval.
 - (3) Deadlines will be set to fit with Advisory Board meeting cycle for timely and organized review by the subcommittee.
 - ii) Non-compliant proposals. Each program operated for the Fund will have rules regarding the acceptance of noncompliant proposals developed specifically for that program. Acceptance of noncompliant proposals will be at the discretion of the SEO. Ways in which variances may be handled in a given program may be to: (1) set a variance request deadline prior to the program deadline and post all requests for variances on a website, thus giving all proponents an opportunity to take advantage of accepted variances; and (2) to hold a prebid conference where proposed variances are raised in a public meeting.
 - c) Program Measurement and Evaluation. Each program developed by the SEO and the Advisory Board will include a process for evaluating the effectiveness of the program. This process will consist of the following steps:
 - i) Define objectives of the program
 - ii) Define metrics for evaluating the success of the program
 - iii) Define evaluation criteria
 - iv) Write a “post-mortem” report on the results of the program using the prescribed metrics.
 - d) Disposition of Renewable Energy Certificates from Fund Supported Projects. The SEO will decide for each program it develops and operates how renewable energy credits generated by renewable energy supply projects supported through the program are used, whether by the project host, the Fund, or in other ways.
- 6) Unsolicited Proposals. An Unsolicited Proposal is an application for financial or technical assistance for the support of a project, idea, method, or approach that is submitted by individuals, businesses, and organizations solely at the proposer's initiative and/or timing, rather than in response to an open program or RFP. Funding of unsolicited proposals is considered a noncompetitive, discretionary action of the Advisory Board.
- a) Purpose of providing for review of unsolicited proposals. The Fund recognizes that from time to time there are opportunities that may warrant consideration of unsolicited proposals. These opportunities may involve:
 - i) The expected impact of the proposed project on the development of the renewable energy marketplace;
 - ii) The visibility of the proposed project;
 - iii) The level of assurance and magnitude of financial return on the Fund's investment;
 - iv) The potential for securing private financing for the proposed project;

- v) The time-sensitive nature of the proposed activities; and/or
 - vi) Emergency or disaster response.
 - b) Submitting an Unsolicited Proposal. Proposers who believe their project warrants consideration as an unsolicited proposal should submit a written concept paper of no more than five pages that contains the following information:
 - i) the objectives,
 - ii) general plan of approach,
 - iii) expected significance of the proposed project,
 - iv) how the proposed project will assist the Fund in meeting its goals as set forth in the Strategic Plan,
 - v) the names of key project personnel and a summary of their experience,
 - vi) a description of the proposed project in sufficient technical detail to permit a meaningful evaluation. The burden is on the proposer to explain in this concept paper why the proposed project merits consideration as an unsolicited proposal;
 - vii) a cost estimate.
 - viii) Where a cost-sharing arrangement is proposed, the proposer's share should be separately identified and detailed. Cost-sharing is desired by the Fund. The proposer must also explain why the application merits special treatment outside of the normal solicitation process.
 - ix) Unsolicited proposals may be submitted at any time.
 - c) Review of unsolicited proposals: The SEO will make an initial screening for compatibility with the Fund's purpose, mission, technology eligibility and fund availability. An ad hoc committee composed of Advisory Board members will review unsolicited proposals which pass initial screening by SEO. This committee is charged with determining whether or not the submitted proposal warrants consideration as an unsolicited proposal. The committee will review unsolicited proposals as expeditiously as possible.
 - i) Decisions of the review committee will be final.
 - ii) If the unsolicited proposal merits further consideration, the ad hoc committee will direct the proposer to prepare a formal proposal package. The content of the formal proposal package and the time frame for submittal and process that will be used for review will be determined by the review committee and communicated to the proposer at the time of notification of merit.
 - iii) All funding recommendations will be subject to approval by the Advisory Board. The time frame for approval will be subject to the meeting schedule of the Board.
- 7) Strategic Plan. The Planning Committee will develop a Strategic Plan for the Fund that will be updated every two years. The Strategic Plan will be for a two-year horizon.
 - a) The draft of the Strategic Plan will be completed by October 1, 2003, and every two years thereafter.
 - b) The Planning Committee will submit a draft Strategic Plan to the SEO for review, modification and approval by the Advisor Board.
- 8) Annual Report to the legislature. SEO will make an annual report to legislature. The report will be drafted in December and presented January 1 to legislature and others as deemed appropriate by the SEO. It will provide a review and summary of past

year's activities and accomplishments, a budget for the coming year, and any other pertinent information as deemed appropriate.

9) Budget

- a) The State Energy Office will work with the Planning Subcommittee to develop a budget.
- b) Schedule for development and approval. The budget will be prepared for the calendar year.
 - i) The first draft for the next calendar year will be prepared by the SEO and forwarded to the Planning Committee by September 30 of each year;
 - ii) The budget will be sent to full Advisory Committee by the November monthly meeting for review.
 - iii) Intra-year budget changes. Changes in a current year's budget may be desired for several reasons, for example, when demands for open programs exceed budgeted amounts, when unsolicited proposals receive provisional approval subject to freeing up sufficient budget, or in the event that RFPs with limited budgets result in attractive proposals in excess of budgeted funds. In such events, the SEO will submit a request to the Planning Committee to develop a revised budget.

10) Supported Technologies. Eligible technologies include power generation technologies that produce electricity from:

- a) wind energy,
- b) small scale (less than 100 megawatts) hydropower plants that do not require the construction of new dams. Hydropower has been interpreted by the Fund to include ocean power such as wave and tidal power,
- c) solar energy, and
- d) sustainably managed biomass. To include, at a minimum, generation utilizing landfill methane or digester gas in internal combustion engines, microturbines, or fuel cells. Burden will be upon the program applicant to explain and justify why the proposed project and its fuel stream should be considered sustainably managed biomass.

11) Confidentiality.

- a) Confidential and proprietary information.
 - i) Procedures. Failure to follow proper procedures may result in a delay in reviewing the application. All information is presumed to be non-confidential unless explicitly labeled confidential/proprietary. Careful consideration should be given before confidential and proprietary information is submitted to the Fund in connection with a proposal or other form of submittal. The applicant should determine whether the information is critical for evaluating a proposal, or whether general, non-confidential information, may be adequate for review purposes.
 - ii) Information of a commercially sensitive nature, as defined in Section 38-24(4)(B) of the Rhode Island General Law, (namely, trade secrets and commercial or financial information...which is of a privileged or confidential nature) shall be submitted under the following procedure described in Section 11) a) iii.
 - iii) Information submitted to the Fund that the applicant wishes to have treated as proprietary, and confidential trade secret information should be identified and labeled "Confidential" or "Proprietary" on each page at the time of

disclosure. This information should include a written request to except it from disclosure, including a written statement of the reasons why the information should be excepted. Further instructions regarding confidential information are:

- (1) Copies of submittals containing sensitive information should be bound in order to prevent photocopying and provided in sealed envelopes,
 - (2) Transfer or discussions of confidential information should not be conducted via e-mail,
 - (3) Applicants should submit only the number of copies required to give each reviewer an original,
 - iv) SEO will make every effort to return copies after the review is completed, and
 - v) SEO will include these instructions with the instructions for responding to RFPs.
- b) Advisory Board members and consultants to the Fund will be bound by non-disclosure agreements (NDA) pertaining to their review of information designated as proprietary and confidential by the SEO and will use best efforts to prevent disclosure of such material. Legal counsel will develop the NDA.
 - c) The SEO will place Advisory Board meetings in executive session as needed to restrict the discussion of confidential information. Anyone not on the Board will be asked to leave the executive session of the meeting to protect the confidential nature of information being discussed.
 - d) Board members are encouraged to provide updates to constituents that are provided by the SEO to prevent confidential information from being inadvertently transferred. Any questions regarding confidentiality should be cleared with the SEO to see if materials are fit for distribution.

12) Conflict of interest

- a) Definition of conflict of interest. A conflict of interest exists when the financial interests or other obligations of a board member, grantee or consultant of the Fund interfere with or appear to interfere with said person's obligations to act in the best interest of the Fund and its constituents and without improper bias. The mere appearance of a conflict may be as serious and potentially damaging to the public trust as an actual conflict. Therefore, potential conflicts must be disclosed, evaluated, and managed with the same thoroughness as actual conflicts.
- b) Applicability. This policy applies to all board members, grantees and consultants of the Fund.
- c) Disclosure statement. If a board member, grantee or consultant is subject to a conflict of interest as defined in this policy or believes a conflict of interest exists or may appear to exist, said person must disclose the circumstances to the SEO. All applicants for financial assistance or contracts from the Fund must disclose all affiliations with other entities in the renewable energy marketplace. The SEO must give direction on how the issue that is giving rise to the conflict is to be resolved. Mitigation measures may include recusal.
- d) Appeal process.
 - i) Appeals shall be submitted in writing to the SEO.
 - ii) Grounds for appeals include:
 - (1) Procedural irregularity.
 - (2) Availability of new material information that could not have been presented previously.
 - (3) Finding that the decision is in conflict with applicable laws, rules or Fund policies.

- e) Relationship to State Law. In addition to this policy, all Advisory Board members, grantees and consultants are subject to the State of Rhode Island laws and regulations.
- f) Examples of conflict of interest:
 - i) Recommending the placement of or placing Fund grants or consulting contracts with any person or company in which you or a relative or a business partner has a direct or indirect interest.
 - ii) Diverting funds or projects away from Fund to other persons or organizations.
 - iii) Accepting or arranging a contribution to Fund in return for a business relationship with Fund.
 - iv) Endorsing products or services on behalf of Fund without obtaining prior approval.
 - v) Transmitting or agreeing to transmit or use, without prior authorization, confidential, privileged or proprietary information, records, results, materials or products that have been acquired through use of the resources of Fund.
 - vi) Service on a board of directors or acting in any management capacity for a private enterprise from which the board member, grantee, or consultant or his/her relatives receive support for any Fund activity.
 - vii) Involvement in the negotiation of contracts between Fund and any person or company with or in which the board member, grantee or consultant has any compensation arrangement, economic or ownership interest.
 - viii) Advisors providing advice or Advisory Board members voting on areas in which they have a financial interest
 - ix) Grantees accepting funding for projects on which they have provided advice or services as consultants to the Fund. Consultants providing advice regarding grants and/or consultant contracts in which they have an economic interest.

The examples provided above are illustrative and are not all-inclusive. All parties engaged in business with Fund are expected to always disclose and resolve any conflict of interest before taking action that may be improper or detrimental to Fund.

13) Use of Fund name, endorsements.

- a) Name. Except as provided in this policy, no person or entity may use the name or image of Fund or any other distinguishing feature of Fund in any medium.
- b) Endorsements. The SEO may authorize use of the Fund name in limited circumstances such as a request for listing Fund as a client or grantor where SEO finds:
 - i) To do so will advance a statutory mission of Fund
 - ii) It will not compromise the integrity of the institution
 - iii) The form and context of the use of the name is appropriate.

14) Intellectual and other property. The Fund retains the right to the ownership and distribution of the results of all projects and reports for which it provides grant funding, except as otherwise agreed in writing at the time of awarding the grant or contract.

15) Legal support. The Fund will retain counsel to provide legal support for contracting, interpretation of applicable law as it relates to Fund activities, development and implementation of procedures including but not limited to confidentiality, dispute

resolution, conflict of interest. Counsel may also provide support on policy issues and special projects, as may be necessary.

16) Contract development.

- a) Contracts shall be issued by the Fund Administrator.
- b) Executed contracts must be in place before funds can be distributed.
- c) SEO will seek input where appropriate on the development of contracts.
- d) SEO will develop draft contract to negotiate with payees or will delegate development to Advisory Board or consultants.
- e) SEO and legal counsel will have final review.

17) Dispute resolution

- a) The Fund will adopt dispute resolution methodology that will provide the greatest likelihood of a clear resolution in a defined period at lowest cost and keeps the Fund out of court.
- b) The Fund will adopt contract language, etc., in alignment with guidelines developed for dispute resolution (e.g., respondents to RFPs waive right to sue and agree to mandatory arbitration as sole means to dispute resolution, etc.)